



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503



August 9, 1984

LEGISLATIVE REFERRAL MEMORANDUM

TO:

Legislative Liaison Officer-  
National Security Council  
Department of State  
Central Intelligence Agency

SUBJECT:

Defense draft report on H.R. 5577, a bill  
"To provide for direct consultations between  
the United States Government and the participants  
in the Contadora process in order to develop a  
common policy for promoting peace in Central  
America, and to provide for a temporary suspension  
of United States support for or participation in military  
and paramilitary activities in Central America in  
order to provide a favorable climate for the Contadora  
process."

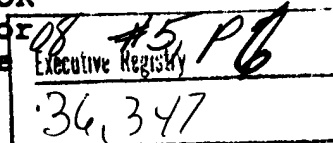
The Office of Management and Budget requests the views of your  
agency on the above subject before advising on its relationship to  
the program of the President, in accordance with OMB Circular A-19.

A response to this request for your views is needed no later than  
FRIDAY, AUGUST 31, 1984.

Questions should be referred to Tracey Lawler (395-4710)  
the legislative analyst in this office.

*Ronald K. Peterson*

RONALD K. PETERSON FOR  
Assistant Director for  
Legislative Reference



Enclosures

cc. A. Donahue  
J. Eisenhour  
B. Howard

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DEPARTMENT OF DEFENSE  
OFFICE OF GENERAL COUNSEL  
WASHINGTON, D.C. 20301

August 1, 1984

Honorable David A. Stockman  
Director, Office of Management  
and Budget  
Washington, D. C. 20503

Dear Mr. Stockman:

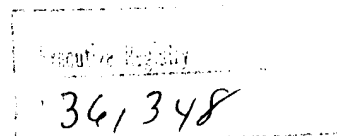
The views of the Department of Defense have been requested on H.R. 5577, 98th Congress, a bill, "To provide for direct consultations between the United States Government and the participants in the Contadora process in order to develop a common policy for promoting peace in Central America, and to provide for a temporary suspension of United States support for or participation in military and paramilitary activities in Central America in order to provide a favorable climate for the Contadora process."

Advice is requested as to whether there is objection to the presentation of the attached report to the Committee.

A handwritten signature in cursive script, reading "Werner Windus", is positioned above the typed name.

Werner Windus  
Director  
Legislative Reference Service

Enclosure





GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE

WASHINGTON, D.C. 20301

Honorable Melvin Price  
Chairman, Committee on Armed Services  
House of Representatives  
Washington, D. C. 20515

Dear Mr. Chairman:

Reference is made to your request for the views of the Department of Defense on H.R. 5577, 98th Congress, a bill, "To provide for direct consultations between the United States Government and the participants in the Contadora process in order to develop a common policy for promoting peace in Central America, and to provide for a temporary suspension of United States support for or participation in military and paramilitary activities in Central America in order to provide a favorable climate for the Contadora process."

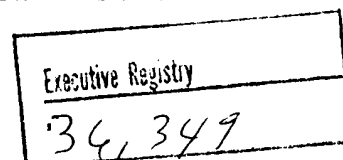
The Department of Defense opposes the provisions of H.R. 5577. The legislation, if passed, would have serious consequences for United States interests in Latin America.

The United States fully supports the Contadora negotiations and will continue to do so. Frequent discussions have been conducted with the Contadora participants to include Nicaragua. The main obstacle to the success of Contadora remains Nicaragua's unwillingness to engage in negotiations seriously and in good faith. Nicaragua's attempts at subversion of its neighbors have jeopardized attempts at closer relations between the United States and Nicaragua and have prevented the development of a more favorable negotiating climate.

With our already active role in support of the Contadora process, the actual effect of the bill would be to cut aid to our Central American friends, regardless of the consequences to them or to us. Assuming that insurgents could take advantage of any U.S. aid cutoff, those consequences could be disastrous. It would directly affect the Contadora process and the chance for any peaceful resolution of regional conflict. Further, it would undermine U.S. efforts to support democratic reform in El Salvador and would seriously affect the stability of the other Central American countries as well.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the Congress.

Sincerely,



Chapman B. Cox